

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-738-W/S - ORDER NO. 98-430

JUNE 10, 1998

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IN RE: Application of Carolina Water Service, Inc.)	ORDER ADDRESSING
for an Increase in its Rates and Charges for)	REFUNDS REQUIRED
Water and Sewer Service.)	BY ORDER NO. 98-163

This matter comes before the Public Service Commission on the petition of Carolina Water Service, Inc. ("CWS" or "the Company") seeking relief in making refunds required by Commission Order No. 98-163, dated March 2, 1998, in this Docket.

By Order No. 98-163, dated March 2, 1998, the Commission directed CWS to make refunds to customers based upon the difference in rates actually charged under Commission Order No. 94-484, dated May 31, 1994, and the rates which would have been charged had the expenses, upon which the Company's rates were calculated in Order No. 94-484, been \$12,618 less. Order No. 98-163 also directed CWS to add interest to the refund at the rate of 8.75% per annum.

By its Petition, CWS informs the Commission that pursuant to Commission Order No. 95-1266 in Docket No. 95-945-S, dated June 26, 1995, CWS was authorized to transfer its sewer utility system in Pepperhill and Pepperridge subdivisions to the North Charleston Sewer District. This transfer was completed on June 30, 1995, and the residents of Pepperhill and Pepperridge subdivisions have not been customers of CWS since June 30, 1995. The rates which CWS was authorized to charge under Order No.

94-484 did not take effect until June 1, 1994. Therefore, the residents of Pepperhill and Pepperridge subdivisions were only charged for sewer service under the rate schedule approved in Order No. 94-484 for a period of approximately one year.

CWS also informs the Commission that it has calculated the refund required by Order No. 98-163 and finds that the customers of Pepperhill and Pepperridge subdivisions would only be entitled to a refund of \$2.19 per customer (including interest at 8.75% per annum) based upon a proration of the total refund among all customers and for the period during which the customers of Pepperhill and Pepperridge subdivisions were served by CWS pursuant to the rate schedule authorized by Order No. 94-484.

CWS asserts that it has no database upon which to find the customers' names and addresses in order to effect a refund to the customers of Pepperhill and Pepperridge subdivisions. The Company asserts that it would have to engage in costly and time-consuming efforts to identify its former customers due to the fact that the Company has purged from its records the names and addresses of its former customers. CWS also states that since the residents of Pepperhill and Pepperridge subdivisions are no longer served by the CWS, refunds cannot be accomplished by way of bill credits, and any refund would have to be made by check. CWS asserts that the cost of preparing and mailing a refund check to these former customers would approach the amount of the refund itself. CWS further offers that in the event a former customer no longer lived at his/her prior billing address that additional expenses would be incurred in trying to locate the former customer. Finally, CWS asserts that the costs associated with developing a

database, locating “missing” former customers, and mailing refunds would constitute expenses to the company for ratemaking purposes.

As an alternative, CWS requests that it be allowed to distribute the calculated refund amount for the former Pepperhill and Pepperridge subdivisions among the Company’s customers in its existing authorized service area covered by Order No. 98-163. CWS submits that this method will be the most cost-effective means of complying with Order No. 98-163 and is therefore in the best interests of the current customers of CWS. Additionally, CWS offers that the current customers will receive a greater refund than they would otherwise and that CWS will still be making the same total amount of refund required by Order No. 98-163.

Finally, CWS states that it has conferred with the Consumer Advocate for the State of South Carolina (“the Consumer Advocate”) and that the Consumer Advocate does not object to this request of CWS.

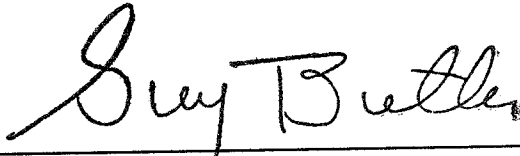
Upon consideration of this matter, the Commission believes and so finds that the Petition of CWS should be granted. The Commission finds that the expense of trying to locate the former customers and to prepare and mail checks is too great a burden to place on the Company for this amount of refund and finds that allowing refunds to be made in the manner described by CWS in its Petition is in the best interest of the customers.

IT IS THEREFORE ORDERED THAT:

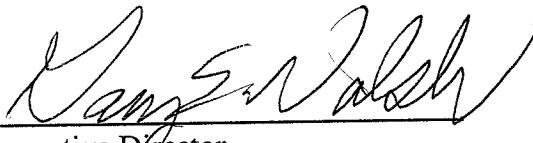

1. CWS is hereby granted leave to distribute the calculated refund amount for the former Pepperhill and Pepperridge subdivisions among the Company’s customers in its existing authorized service area covered by Order No. 98-163.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


 Executive Director
(SEAL)